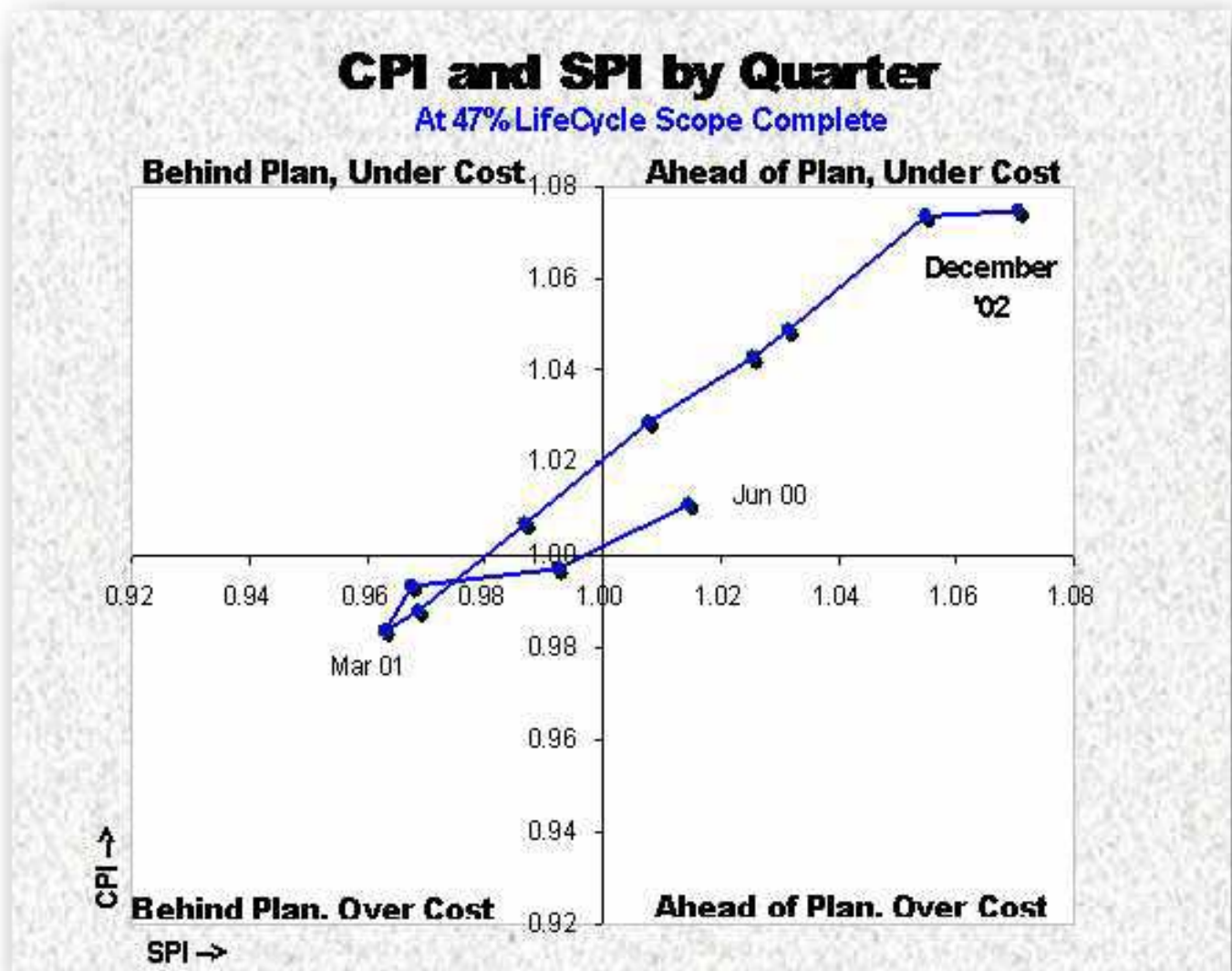


RFFO RFETS

Total Project Report

1st Quarter, FY03

October - December, 2003



Total Project Report **RFFO RFETS**

1QFY02 • Oct - Dec 2002

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Total Project Report RFFO RFETS

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Executive Overview

In General: K-H has completed work activities below the estimated cost and ahead of schedule for the previous fifteen months. Cost and schedule variances are currently on par with one another; every dollar in cost savings is being matched by a dollar's worth of schedule savings. K-H continues its emphasis on working safely and maintaining compliance with procedures to ensure safe operations.

Key Accomplishments: More PWA* workscope was planned for completion during this quarter than in any other quarter to-date. K-H completed nearly triple the scope scheduled. D&D activities remain on or ahead of schedule with the last of the gloveboxes decommissioned in Buildings 771 and B776/777. Additional accomplishments included: the demolition of 5 Type 2 and 20 Type 1 structures, the initiation of 903 Pad remediation, and the completion of accelerated clean-up activities at the Solar Ponds. All special nuclear material has been removed from under IAEA control. The Site continued to accelerate shipping of Low Level (9,984 m³), Low Level Mixed (2,786 m³), and TRU Waste (914 m³). The Building 776/777 buried equipment characterization found only one piece of buried equipment, and results justify deferring removal until foundation excavation.

*See Glossary

METRIC	
Safety:	There were no Site Noncompliance Tracking Reports submitted for the first quarter of FY 2003. This contrasts with two such reports filed during the fourth quarter of FY 2002. The site improved its first quarter of FY 03 performance by markedly decreasing the number of events from the 4th quarter of FY 2002 total, but the number of near misses (Level 4) increased.
Bears Watching	
Cost:	Cumulative Cost Variance = +7%, +\$131M out of ~\$1,890M BCWP _{CUM}
On Plan	LIFECYCLE: 47% of target scope completed; 44% of target cost expended - continues positive performance.
Schedule:	Predetermined Work Activities SV = +59%, +\$87M
On Plan	LIFECYCLE: 13% of scope scheduled; 20% of scope completed - continues positive performance.
	Traditional Schedule Variance = +7%, +\$125M
	LIFECYCLE: 44% of scope scheduled; 47% of scope completed - continues positive performance.
Critical Path	CP = <u>SNM activities, B371 D&D</u> Estimated Completion Date: <u>December 15, 2006</u>
Completion Date: On Plan	The critical path has remained stable for four months. The contractor continues to examine critical path activities for acceleration opportunities. RFFO is continuing to use the original Target Date, December 15, 2006, as the ECD.
Current CP: On Plan <i>Under Review</i>	
Key Milestones	Closure Activities: demolished 5 Type 2 and 20 Type 1 structures, began 903 pad remediation and accelerated Solar Evaporation Pond completion. All SNM has been removed from under IAEA control. All gloveboxes in B771 and B776/777 have been decommissioned. B776/777 buried equipment characterization found only one piece of buried equipment and justified deferring removal until foundation excavation.
DNFSB: On Plan	
RFCA: On Plan	
	DNFSB: <u>Pu Metals & Oxides</u> – The milestone to complete PuSPS operations was missed in May 2002, and we are now on track to complete the new commitment by October 2003. To mitigate further schedule delays, approximately 970 kilograms of low-purity oxides have been authorized for shipment to the Waste Isolation Pilot Plant; repackaging has commenced and is expected to be complete by July 2003.
	RFCA FY03 Milestones: RFFO validated D&D (\$29.54M): Met for 2003. LLW (\$5.91M): Met for 2003. ER (\$552M): Met for 2003. TRU (\$.75M): on track for completion next quarter. 2003 M5 Milestone (<i>See Glossary</i>) (\$35.312M): Met for 2003.
GFS/I	
Status: On Plan	GFS/I requirements are being met and/or are in process except as noted below.
Forecast: Bears Watching	Need DOE receiver site for Low Level Mixed Waste Orphans.

Executive Summary

Contract Status

TC: 3.973B (Original: 3.963)

TF: \$340.8M (Original: \$340M)

TCD: 15 December 2006

Fee Payments

RFFO has made fee payments to K-H of \$75M through December 31, 2002 under the provisions of the Site Closure Contract. The contractor has requested no fee deferrals under this contract.

Penalty Assessment

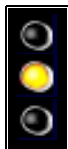
No Fee Penalties were issued this Quarter. To date, four fee penalties have been issued under the terms of this contract with total penalties equaling \$510,000.

Requests for Equitable Adjustments (REAs):

Negotiations on the REA for National Emergency costs are pending HQ review. K-H has recalled and is revising the REA submitted at the end October for the shipment of items greater than 1000A2; it will be resubmitted at a later date. No REA settlements have been incorporated into the contract this quarter.

Pending REA's: ~\$35M +/-

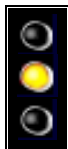
- ~\$18 million: National Emergency (2002 – 2003 Costs)
- ~\$13 million: WIPP WAC Part III (projected 2002 - 2005 costs)
- ~\$1 million: PuSPS Moisture measurement
- ~\$3+ million in these miscellaneous REAs:
 - System Engineers/B371 VSS
 - NTS Waste Acceptance Criteria
 - PuSPS outside SRS Requirement
 - Beryllium Monitoring



Safety

4 Significant (Level-of-Concern 4) Events

The level 4 events included: 1) a hoisting and rigging event involved a dropped piece of steel plate; 2) a rollop of several events of inadequate hoisting and rigging over several months; 3) and injury to an employee from the improper use of a reciprocating saw; and 4) an injury to an employee from a falling piece of metal from overhead work.



GFS/I Performance

Most GFS/I requirements have been met. Remaining approvals to use 9975 and DT-22 containers for select material are in process. The key issue is the identification of disposal sites for LLMW between 10 and 100nCi/g activity.



Critical Path

ECD: 15 December 2006

The critical path includes preparation / packaging of composites followed by B371 D&D and site grading. During September, the contractor re-sequenced the B371 D&D activities to accelerate the estimated Project completion date by several months. RFFO is monitoring the efficacy of the new critical path and near critical path activities and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date.

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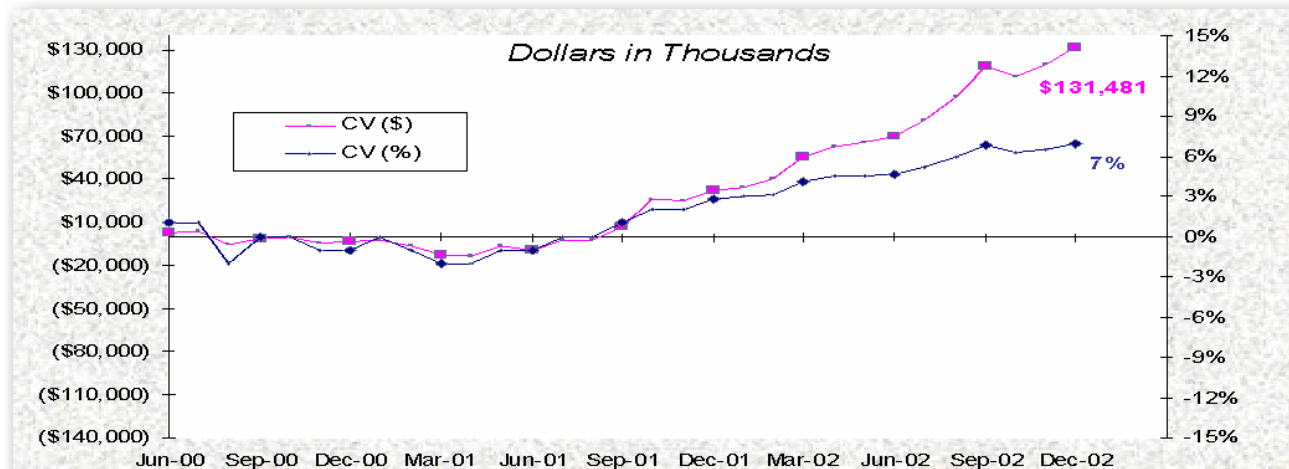
Cost

Cost Variance +7%, +\$131M (positive trend)

LIFECYCLE: 47% of scope completed; 44% of target cost expended

During the first quarter of Fiscal Year 2003 (1QFY03), cost performance continued to improve. While the percentage of Cost Variance for target activities remained the same, the contractor accumulated another \$12M in cost savings this quarter (up from +\$119M in September). K-H has maintained a positive cumulative cost variance for six successive quarters. (See below.)

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$15.5M in non-target Site Closure (EW05) and Safeguards and Security (FS40) costs. These non-target costs are generally the result of technical direction and may eventually be considered as part of potential Requests for Equitable Adjustment, and / or will impact cost variance.

Cost Performance by PBD*:

	Project Description	BCWP	ACWP	CV (\$)	CV (%)
1A	371 Complex Project	244,107	269,904	(25,796)	-11%
1B	707 Complex Project	145,553	144,672	880	1%
1C	B771/774 Closure Project	164,784	174,806	(10,022)	-6%
1D	B776/777 Closure Project	140,776	129,487	11,288	8%
1E	Industrial and Site Services Project	334,450	270,205	64,246	19%
1F	Material Stewardship Project	434,567	420,043	14,524	3%
1G	Remediation Project	50,537	28,588	21,950	43%
1H	Engr, Environ, Safety & Quality Programs	132,551	115,869	16,682	13%
1J	Support Project	242,689	204,960	37,729	16%
Project Totals		\$1,890,015	\$1,758,534	\$131,481	7%

Includes **all target** fund sources: EW05, FS40, EW09, GG08, NN61 and YN01

Most of the PBDs continue to experience positive cost variances as a result of efficiencies, with significant cost savings concentrated in PBD E, Industrial and Site Services Project, the Environmental Remediation project (PBD G), and in the level-of-effort activities in PBD J, Support Project. The exceptional cost performance of Waste Operations in PBD F, is offset by overruns in Facilities Management and Safeguards and Security.

Despite significant savings in decommissioning activities, PBD A continues to experience significant negative variances, accumulating nearly -\$12M this quarter. This is particularly significant since activities in PBD A dominate the critical path. Negative cost variances are expected to persist as K-H continues to buy schedule recovery in B371.

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Schedule (Predetermined Work Activities)

SV_{PWA} (+\$87M, +59%, positive trend)*

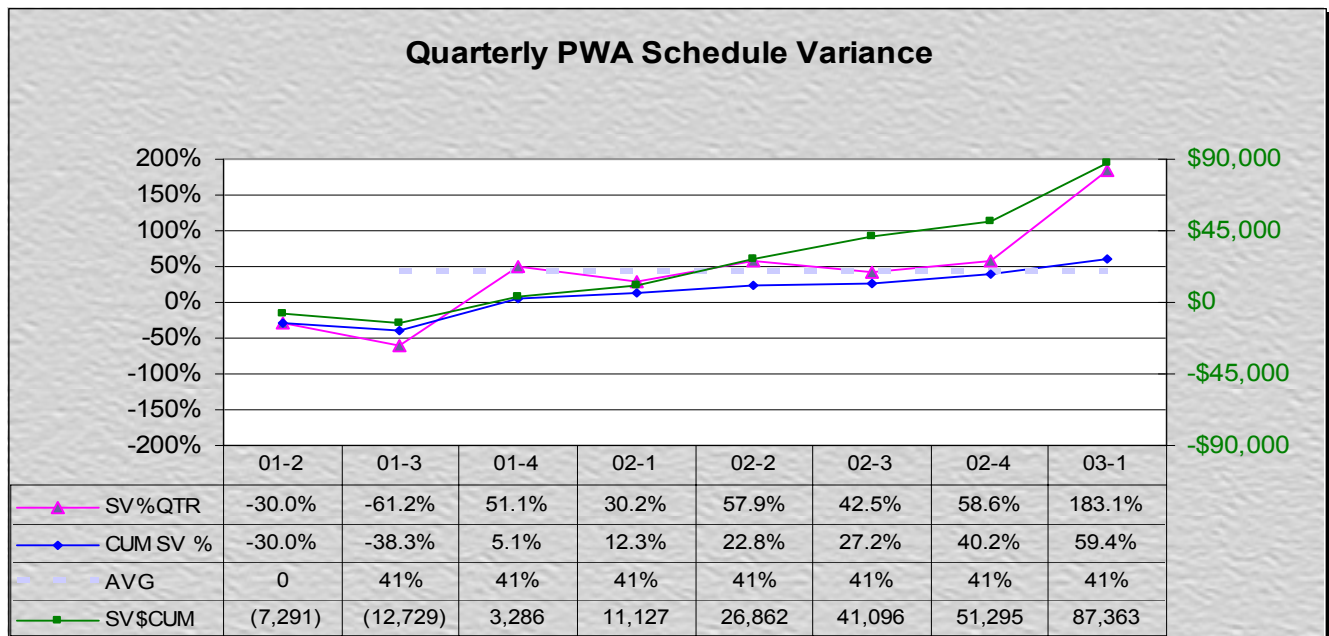
K-H continues the positive performance on Predetermined Work Activity schedule variance (SV_{PWA}) begun in June of 2001. At the end of this first quarter, 42% of the contract duration has elapsed (35 out of 82.5 months), 13% (\$147M) of the PWA scope was scheduled for completion (lifecycle), and 20% (\$235M) of the PWA scope is actually completed.

During this quarter, K-H completed almost double the PWA workscope then they had in any other quarter since the beginning of the contract (\$56M this quarter).

[Other indicators of schedule performance include Traditional Schedule Variance, Modified Milestone Schedule variance and P3 estimated completion dates. The Traditional Schedule Variance and Modified Milestone Schedule Variance are +\$125M (+7%) and +\$120M (+26%) respectively. The P3 estimated completion date is currently several months ahead of the target date of December 15, 2006. The gain in schedule is the result of K-H's revisions to the B371 D&D schedule. RFFO continues to monitor the critical path and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date. These other indicators are further discussed in Appendix D.]

* These are the validated RFFO figures

Validated Schedule Variance on Predetermined Work Activities



K-H reported higher PWA earned value for PBD A, and RFFO validated higher PWA earned value for PBD F. See the relevant PBD sheets for explanations of the deltas.

PWA Schedule Performance by PBD

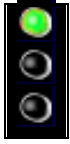
(*RFFO BCWP differs slightly from KH methodology in PBD A)

Project Description	BCWS	BCWP	SV (\$)	Change from last QTR	SV (%)	Change from last QTR	DELTA RFFO - KH BCWP**
1A* 371Complex	39,178	39,502	324	Better	1%	Better	(687)
1B 707Complex	33,875	44,156	10,281	Better	30%	Better	0
1C B771/774Closure	28,525	36,057	7,531	Better	26%	Better	0
1D B776/777Closure	18,527	43,814	25,287	Better	136%	Better	0
1E Industrial and Site Services	3,291	9,516	6,225	Same	189%	Same	0
1F Material Stewardship	22,150	38,678	16,528	Worse	75%	Worse	1,257
1G Remediation	1,631	22,818	21,187	Better	1299%	Better	0
Project Totals	147,178	234,541	87,363	Better	59%	Better	570

**All values are cumulative-to-date

Total Project Report **RFFO RFETS**

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Key Milestones

CLOSURE MILESTONES: Completed 23 D&D sets between Buildings 371, 771, 707 and 776/777. All gloveboxes in Buildings 771 and 776/777 have been decommissioned. Decommissioned the highly contaminated size reduction vault in B776/777. Building 776/777 buried equipment characterization found only one piece of buried equipment, and results justify deferring removal until foundation excavation (saving money and accelerating schedules). Shipped 9984 m³ of low level waste, 2786 m³ of low level mixed waste, and 914 m³ of TRU waste this quarter. All special nuclear material has been removed from under IAEA control. Completed demolition of 5 Type 2 and 20 Type 1 structures. Remediation of the 903 Pad (location of the highest priority environmental release at Rocky Flats) commenced, and the cleanup activities at the Solar Evaporation Ponds have been completed (pending re-vegetation).

DNFSB MILESTONES—Plutonium Metals and Oxides – The milestone to complete PuSPS operations was missed in May 2002, and we are now on track to complete the new commitment by October 2003. A total of 1183 certified 3013 cans (out of a total estimate of 1950 cans) have been produced by the end of the quarter. To mitigate further schedule delays, approximately 970 kilograms of low-purity oxides have been authorized for shipment to the Waste Isolation Pilot Plant; repackaging started in December 2002 and is expected to be complete by July 2003. A total of 32 cans (out of a total estimate of 1400 cans) have been produced by the end of the quarter.

RFCA MILESTONES—RFFO Validated: D&D (\$29.54M): Met for 2003. LLW (\$5.91M): Met for 2003. ER (\$5.52M): Met for 2003. TRU (\$.75M): on track for completion 2nd quarter FY03. 2003 M5 Milestone (See Glossary) (\$35.312M): Met for 2003.

STP MILESTONES— RFETS has 11 STP milestones in FY2003, which specify that certain MLLW streams be sent offsite. All 2003 milestones are due 9/30/03, and most are on track. See *Appendix B* for detailed discussion.

Additional REA Information

To date, RFFO has received a total of 17 REAs requesting approximately \$44.4M (about 1% of total project cost) in upward adjustment to target cost. Ten REA's have been incorporated into the contract increasing the Target cost by \$10.2M. One New REA was submitted this quarter (Systems Engineers). A Contract Modification for the National Emergency REA is pending headquarters review.

Potential REA's

- **National Emergency** (FY 2004-2005 costs)
- **WIPP Vent Filters**
- **SNM removal delays** ~ \$10+ million and extension of closure date.
- **Dangerous Goods Regulation** ~\$4 million : Changes per IATA/49CFR
- **All Other Potential REAs** ~\$1 million : DOE and Kaiser-Hill are working to mitigate/eliminate the impact of these smaller REAs.

Total Potential REAs: ~\$15 million

KH Project Risk Report

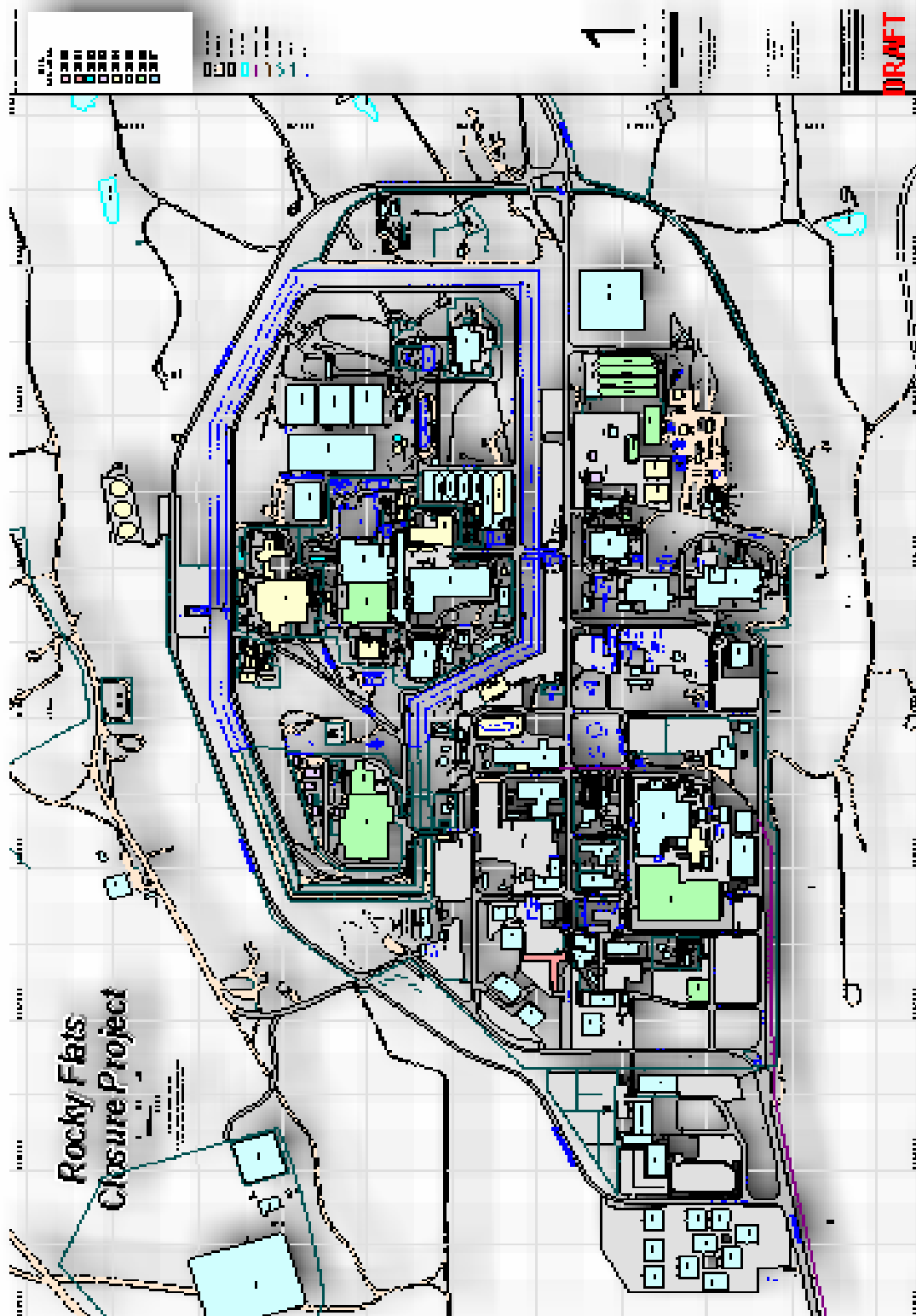
Kaiser-Hill's 1st quarter schedule uncertainty analysis indicates that the controlling path for overall closure remains with activities in Building 371 and subsequent Environmental Restoration (ER) activities. Preparing Special Nuclear Material (SNM) for shipping continues to comprise the early part of the critical path, and is followed by B371 D&D and Site remediation. PuSPS operations continue to be high risk activity. Other high risk activities deserving of focused management attention are wastes without a well defined disposition path – especially low level mixed waste > 10 and <100 nCi/g (see *Appendix B*).

In summary, the project remains in a solid position to meet the target schedule and target cost provided that SNM shipping is sustained.

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Detailed Overview



Safety

Gary Noss x 4371

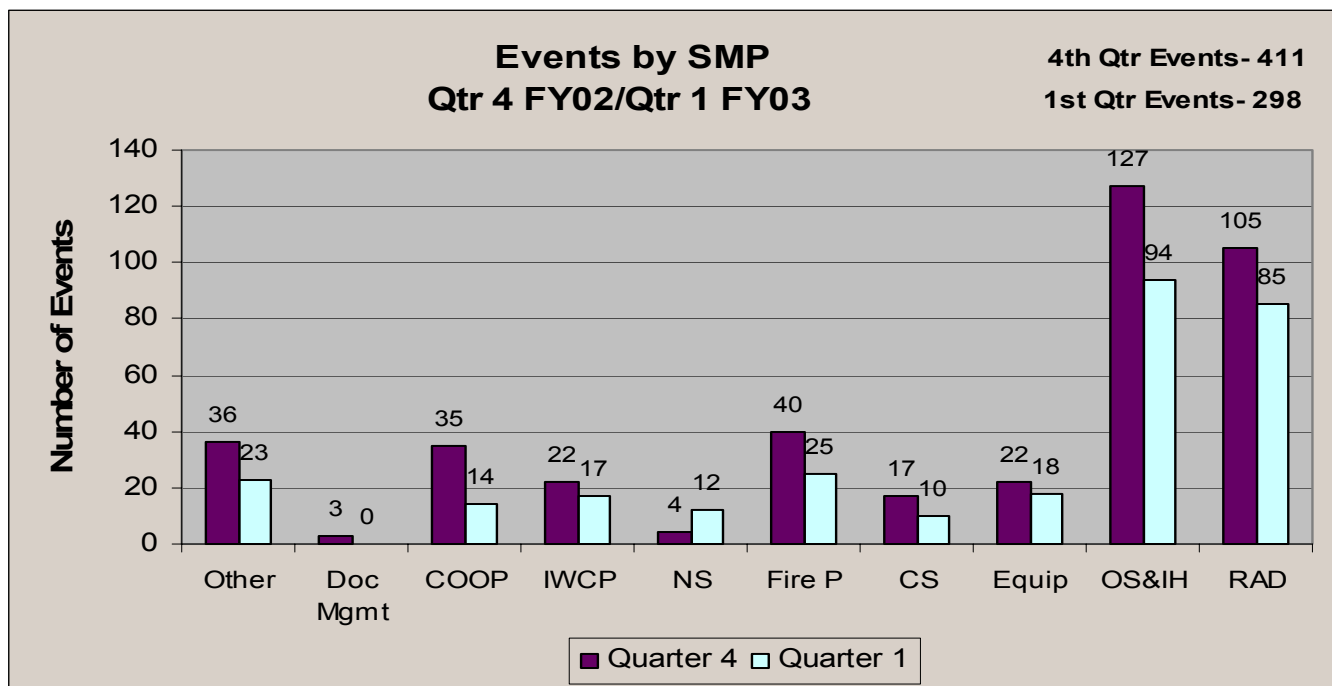
B.6 Safety Analysis

There are no reported incidents where the B.6 safety criteria were exceeded (and contractual actions taken) during the first quarter of FY 2003.

The site-wide events identified below are representative of a wide variety of D&D activities that are analyzed in the Safety Assessment Center (SAC). Some categories of events may have a seemingly large number of events, but the concern level remains low due to the nature of the events. Much of this information is used as leading indicators, directing our safety program improvements.

No Site Noncompliance Tracking Reports were submitted for the first quarter of FY 2003. This is an improvement over the fourth quarter of FY 2002, when two such reports were submitted.

While the total number of events decreased October through December, the number of near misses increased. Level 4 events in the quarter included: (1) a hoisting and rigging event involving a dropped piece of steel plate; (2) a rollup of several events of inadequate hoisting and rigging over several months; (3) an injury to an employee from the improper use of a reciprocating saw; and (4) an injury to an employee from a falling piece of metal during overhead work. No Level 5 events occurred during this quarter.



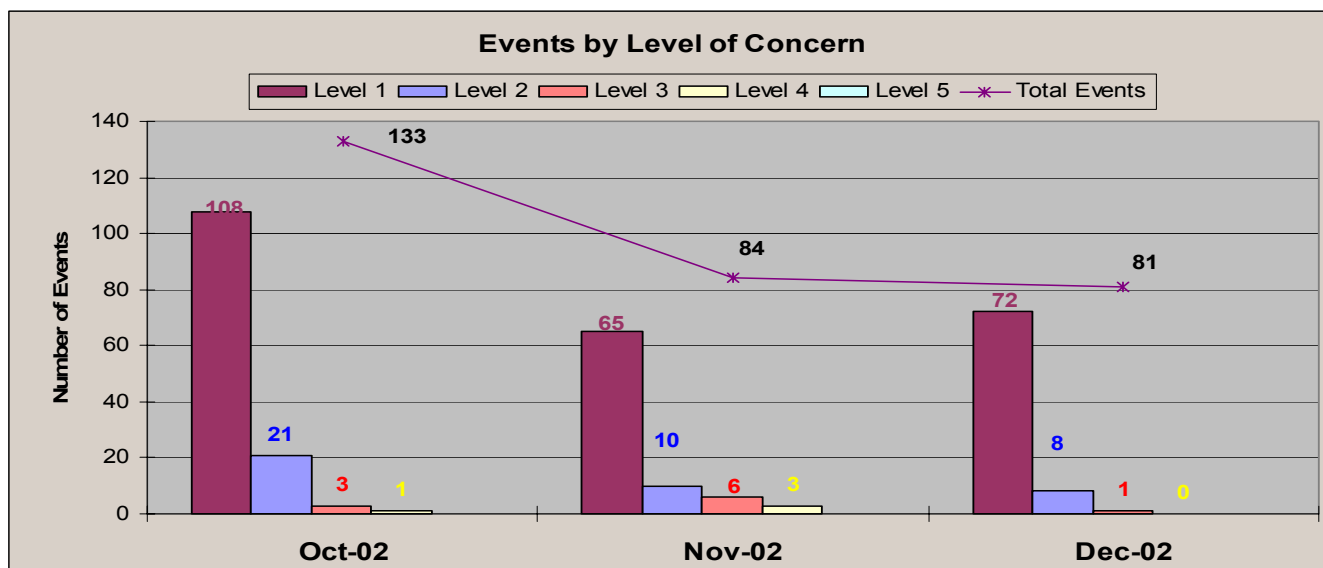
NOTE: while nearly all categories of events decreased from Qtr 4 FY02/Qtr 1 FY 03, OS&IH and RAD were by far the most numerous event entries for both quarters.

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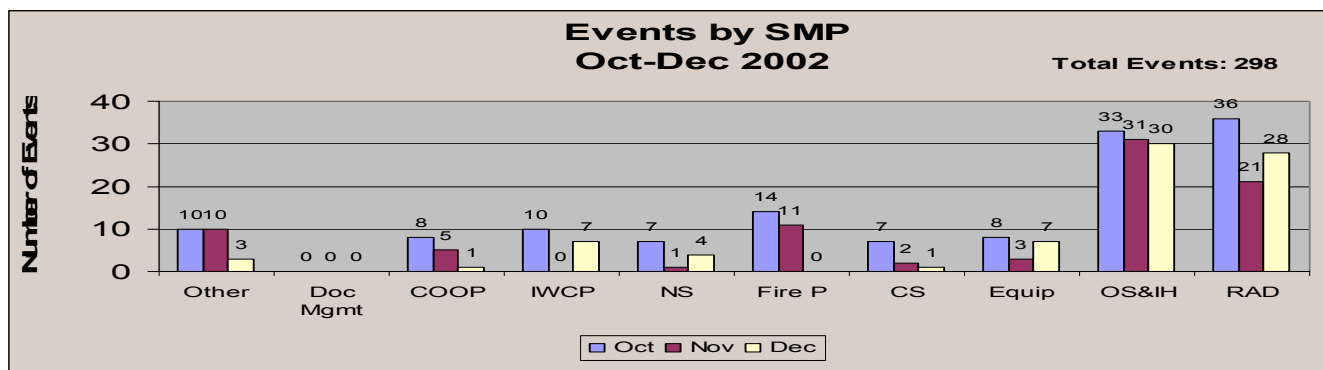
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Safety CONT.

Gary Noss x 4371



Safety at the Rocky Flats Site is managed very aggressively with the intent that RF Safety Management Programs (SMPs) are responsive to identified concerns. Site-wide events are analyzed from a safety program, and the data helps direct specific improvements in an effort to improve safety at the Site. Again, some categories of events may have a seemingly large number of events, but the concern level remains low due to the nature of the events.



As described in the First “Quarterly Critical Analysis” by Kaiser-Hill Company, LLC, initiatives planned for the near future to address the increasing industrial safety risk include:

- Conduct additional OSHA safety training:
 - OSHA 500 Construction Safety
 - OSHA 10 Hour Outreach for steelworkers
 - Scaffold Training Institute course
 - Fall Protection
- Conduct Human Error Reduction Training
- Mentor small business partners in safety culture
- Analyze the National Safety Council Safety Survey results and develop an action plan.

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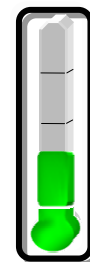
PBD A
371 Complex
 Fred Gerdeman x6203

BCWS _{LC}	436,592
ACWP _{CUM}	269,904
BCWP _{CUM}	244,107
BCWS _{CUM}	251,177
CV _{CUM}	-11%
Scope Completed	56%
Cost Expended	62%

PBD A is over cost and behind schedule with a negative CV of -\$26M (-11%). Most of the Closure Project's negative CV is accumulated in this PBD. -\$45M in negative cost variance in PuSPS, Facility Mgmt, Waste Ops, etc., is partially off-set by positive CV in Project Mgmt, Decommissioning, and Residues. The negative CV is not expected to be recovered, and may increase due to continued PuSPS costs and the use of surplus funds in the Wet Residues CAD to package TRU waste.

The contractor completed \$5.3M in PWA scope this quarter, improving the RFFO verified SV on PWAs to +\$324K (vs. -\$2.6M last quarter) – the first time in positive SV space. KH reports ~\$687K more in cumulative earned value than RFFO validated. \$350K of the delta is from a glovebox deactivation PWA that was not validated as complete last quarter. The rest is due to the different methodology the contractor uses to calculate the EV on quantity based measures, and RFFO's analysis of PuSPS output.

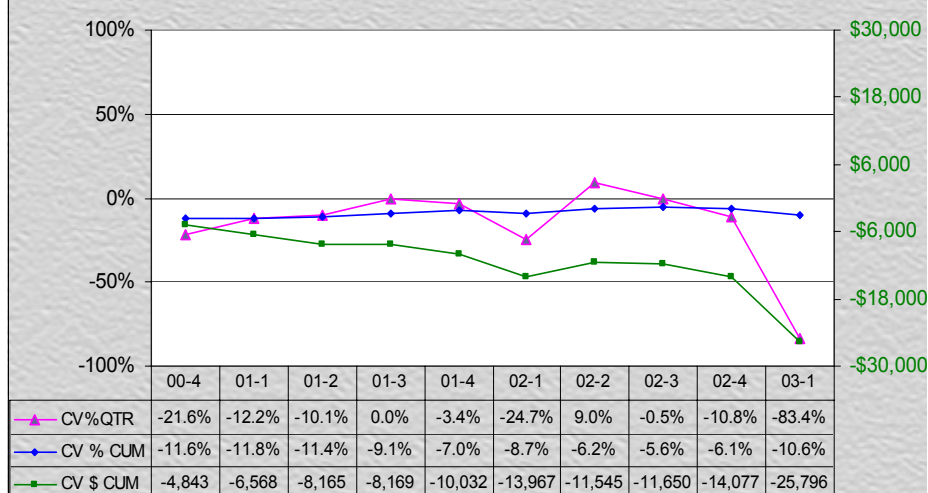
\$128M



\$40M
30%

PWA
Completion

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- SNM shipments to SRS have continued.
- Completed 5 D&D PWAs
- Removed the last SNM item from the Central Storage Vault which will facilitate deactivation.
- PuSPS: 1183 acceptable 3013s have been completed, certified and verified and released for shipping.

Potential Impacts to Cost & Schedule:

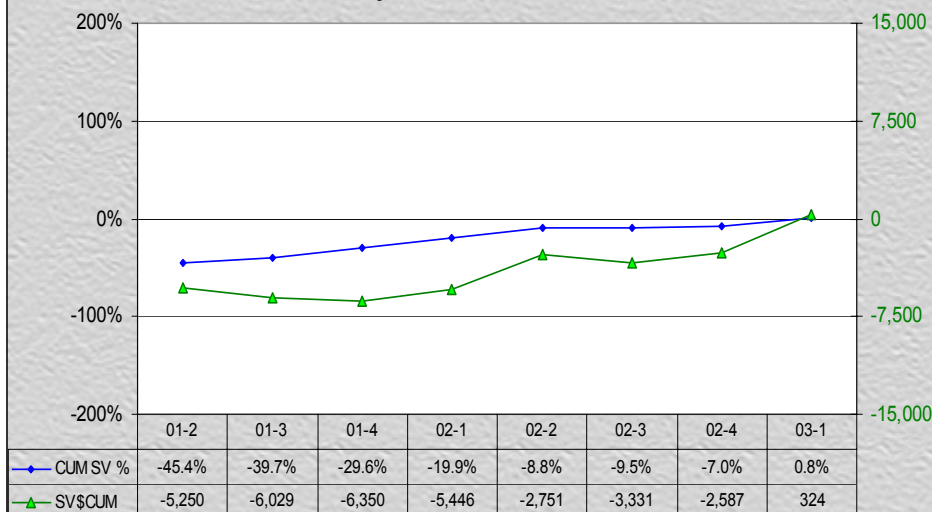
- Availability of areas to deactivate or decommission will decrease because they will be needed for storage if SNM shipments cannot be made. However, the contractor is rescheduling activities to minimize the impacts
- Sludge disposal (liquid LLMW) from B/374 is being studied to ensure that it has a clear disposal path and will not adversely impact the project
- Spend rate concerns have resulted in the layoff of trades workers in this project. This will have at least a short-term impact and may negatively impact the project schedule

UPCOMING:

Key Activities / Milestones / GFS/I

- 9975 SARP revision 0 approval by 03/15/03.
- Complete packaging of TRU waste.
- Approve Decommissioning BIO 2/03.
- Demolition subcontract approval 2/03.

Quarterly PWA Schedule Variance



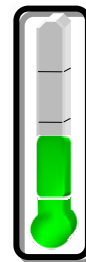
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PBD B
707 Complex
 Gregg Nishimoto x7022

\$111M



\$44M
39%

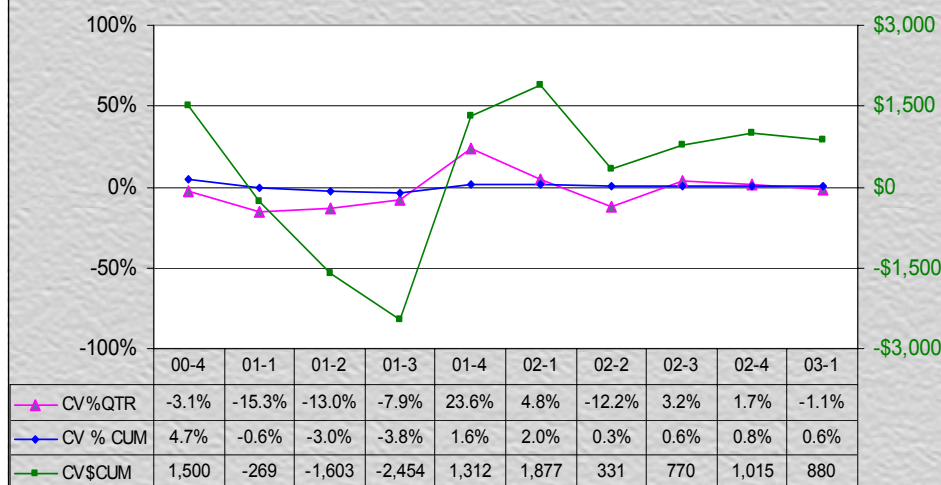
PWA
Completion

BCWS _{LC}	267,761
ACWP _{CUM}	144,672
BCWP _{CUM}	145,533
BCWS _{CUM}	136,551
CV _{CUM}	1%
Scope Completed	54%
Cost Expended	54%

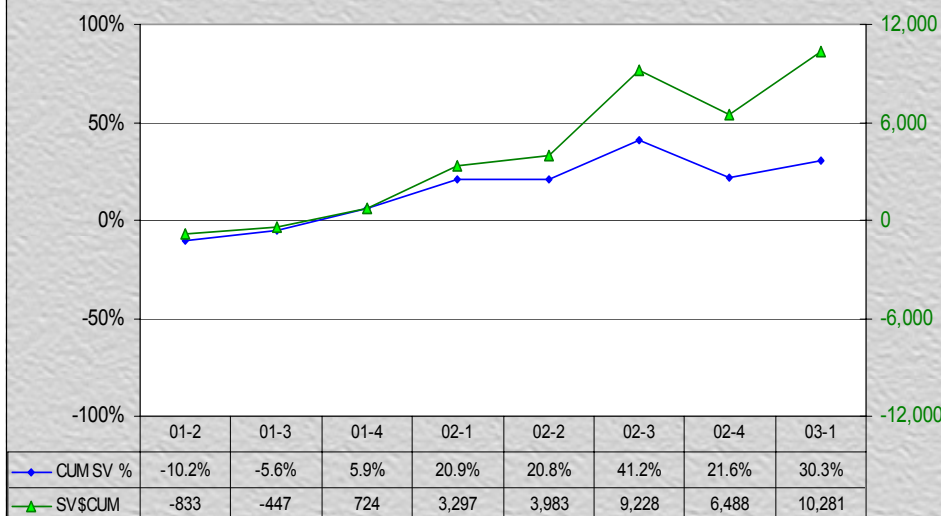
This PBD is slightly below cost and ahead of schedule. The project finished the 1st quarter with a 6.6% schedule variance and a 0.6% cost variance. By comparison, last quarter, the project reported a 4.2% schedule variance, and a 0.8% cost variance.

A total of \$7.7 million in PWA earned value was validated this quarter. The cumulative schedule variance for Predetermined Work Activities is 30% (+\$10.3M), an increase from 22% in September 2002. A total of nine sets were completed this quarter.

Quarterly Cost Variance Percentage



Quarterly PWA Schedule Variance



Accomplishments this quarter:

- Nine D&D sets were completed:
 - o Set A7 - Mechanical & Electrical Stripout, CVs, & C-Cell Removal Module A
 - o Set B4 - GB 60, 70, 80, & CVs Removal Module B
 - o Set C2 - GB 90, 95, 110, 115, 120, 125, & CVs Removal Module C
 - o Set C6 - C-pit Tanks, GB, & Misc. Removal Module C
 - o Set D7 - Mechanical & Electrical Stripout Module D
 - o Set J1 - J Vault, Pendants, Racks, Controls, O2 Analyzers Removal Module J
 - o Set K1 - CV & Retriever Pendants, Controls, & O2 Analyzers Removal Module K
 - o Set 11 - 2nd Floor Equipment - Filter Plenums and Fan Removal
 - o Set 13 - 2nd Floor Equipment - Filter Units, Kathabar dehumidifiers, & Fan Removal

Potential Impacts to Cost & Schedule:

- None

UPCOMING:

Key Activities / Milestones / GFS/I

- Complete 3 D&D work sets (next 90 days)

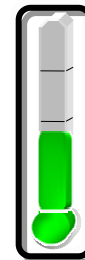
Total Project Report **RFFO RFETS**

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PBD C
771 Complex
 J. Brothers x7756

\$77M



\$36M
47%

PWA
Completion

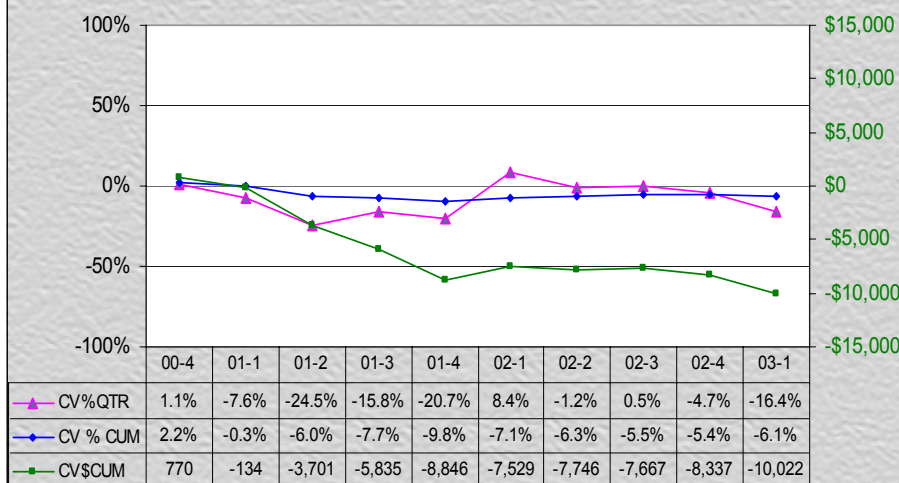
BCWS _{LC}	231,935
ACWP _{CUM}	174,806
BCWP _{CUM}	164,784
BCWS _{CUM}	158,468
CV _{CUM}	-6%
Scope Completed	71%
Cost Expended	75%

This PBD is ahead of schedule, but over budget. With 68% of the work scheduled to date, cumulative variances show an SV of +4% and a CV of -6%. Most of the negative cost variance continue to be in Support Services and Maintenance (-\$14M).

The PBD has maintained positive cumulative schedule variances for the last ten months.

KH completed \$7.2 of PWA earned value this quarter, adding another \$4.5M to the cumulative schedule variance, which now stands at \$7.5M (+26.4%).

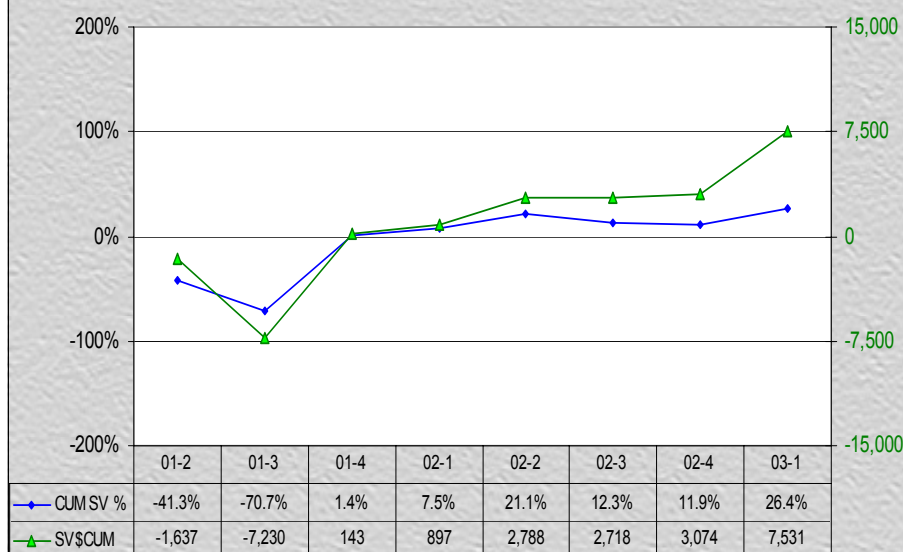
Quarterly Cost Variance Percentage



Accomplishments this quarter:

- KH completed three-D&D sets (#62, #66, #93 and Area AD (dismantlement, Maintenance shop). One of the larger sets completed was Set 66 with thirty-nine tanks and eleven gloveboxes
- Two 11,000 gallon 22 foot high tanks in B774 were size reduced

Quarterly PWA Schedule Variance



Potential Impacts to Cost & Schedule:

- The majority of work remaining is the removal of four large tanks in B774 that contained sludge and Filter Plenums.

UPCOMING:

Key Activities / Milestones / GFS/I

- None

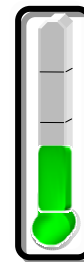
Total Project Report **RFFO RFETS**

1QFY03 • Oct - Dec 2002



PBD D
776/7 Complex
 Gary Schuetz x3016

\$122M



\$44M
 36%

PWA
 Completion

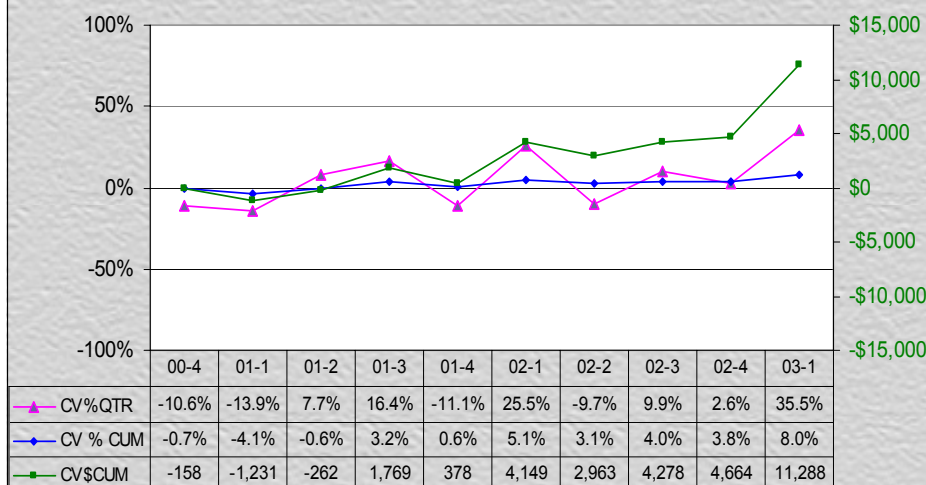
BCWS _{LC}	268,342
ACWP _{CUM}	129,487
BCWP _{CUM}	140,776
BCWS _{CUM}	115,983
CV _{CUM}	8%
Scope Completed	52%
Cost Expended	48%

This PBD is ahead of schedule and under budget. The PBD has a schedule variance of \$24.8M (21.4%), and a CV of \$ 11.3M (8.0%).

Most of the positive SV is in Decommissioning (22.4M). The positive CV is mostly attributable to D&D Technology (\$2.4M).

Predetermined Work Activities continue their positive trend and are more than 130% ahead of schedule (\$43.8M), at the end of the Quarter. The contractor accomplished \$5.6M in PWA scope this quarter – more than doubling planned performance.

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- 5 work sets this Quarter (5 total FY 03)
- 73 of 84 work sets completed to date
- Completion of the buried equipment work set, eliminating a significant project risk that resulted from the unknowns in this set.

Potential Impacts to Cost & Schedule:

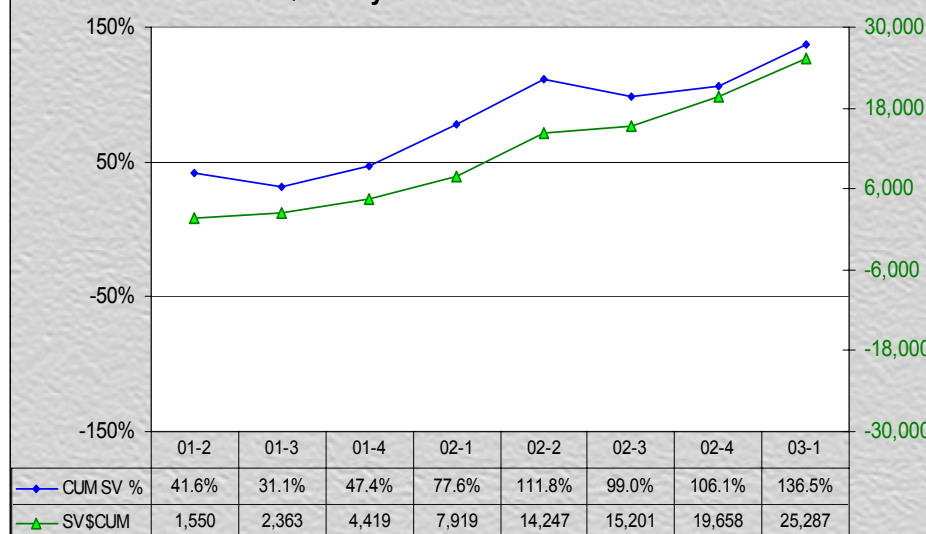
- Planning for building demolition remains as a challenge in baseline assumptions

Upcoming:

Key Activities / Milestones / GFS/I

- Contaminated building demolition strategies are being discussed with DOE. The project is evaluating risks when demolishing the contaminated facility without a confinement structure. The target date for regulator approval of the structural demolition is July 2003.
- Nuclear Material removal thresholds being met to permit removal of Criticality Safety system and classification of Nuclear Facility Hazard Categorization 3. in 2nd and 3rd quarters respectively.

Quarterly PWA Schedule Variance



Total Project Report **RFFO RFETS**

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PBD E Industrial / Site Services Steve Tower, x2133

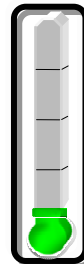
BCWS _{LC}	792,211
ACWP _{CUM}	270,205
BCWP _{CUM}	334,450
BCWS _{CUM}	275,113
CV _{CUM}	19%
Scope Completed	42%
Cost Expended	34%

The Project continues ahead of schedule and under cost. Compared to baseline, actual cost variance is 19% (\$64M), and schedule variance is 22% (\$59M).

This PBD is a major contributor to the Closure Project's positive Cost Variance; 49% of the Project's positive CV at the PBD level is in this PBD. The project continues to track toward early completion but this is based on the assumption other projects will complete early enough to remove infrastructure facilities such as roads and utilities. Progress is being made across the project, but Building 865 continued raising safety concerns that slowed its work.

No new PWA scope was completed this quarter in this PBD.

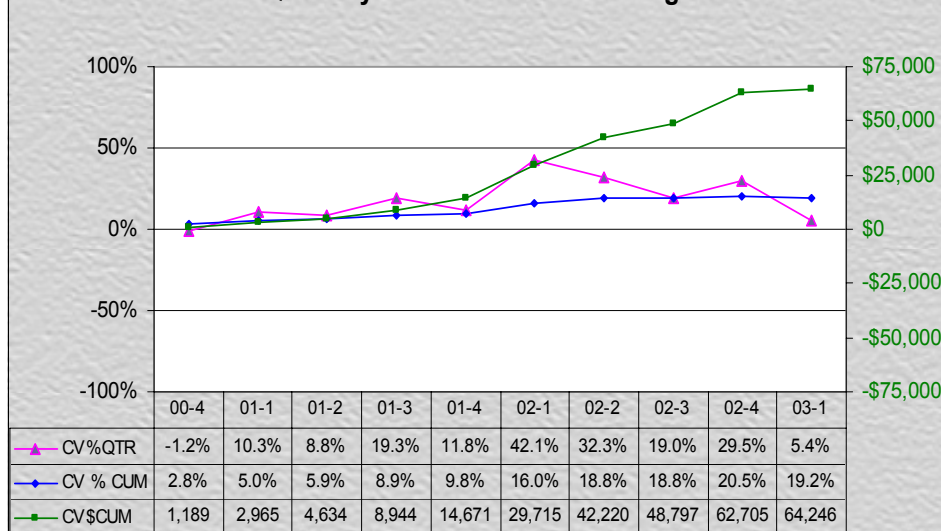
\$306M



\$9.5M
3%

PWA
Completion

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- Demolished Buildings 884 (waste warehouse), 910 (evaporation system for process waste), Tents 7, 8 & 9, three above ground tanks (308-A-C), 666 (waste storage shed), 335 (fire training building), and six other smaller IPABS buildings.

Potential Impacts to Cost & Schedule:

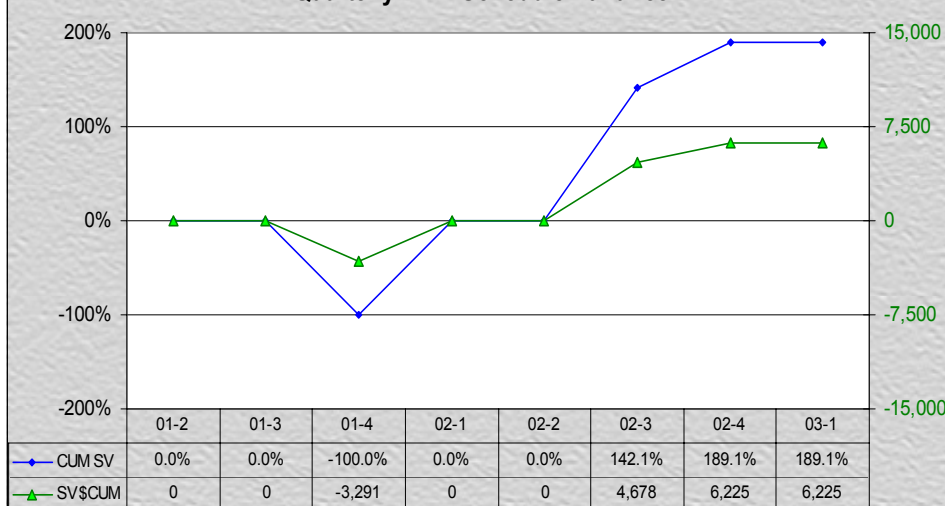
- The contractor found that his fund burn rate exceeded the available funding so work slowed in major buildings by reducing the work week from 50 to 40 hours in building 881, virtually stopped work in building 883, and reduced overtime in building 865. While this will slow completion of the buildings, work will still finish well ahead of baseline schedule.

UPCOMING:

Key Activities / Milestones / GFS/I

- Buildings 112, 441, 443, 334, and 551 and tents 10 & 11 are likely to finish in next three months. Some of these were changed to next quarter from last quarter due to new priorities set by K-H.

Quarterly PWA Schedule Variance



Total Project Report **RFFO RFETS**

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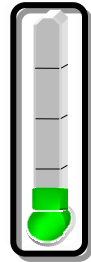


PBD F

Material Stewardship

Fran Geurink x4619

\$161M



\$39M
24%

PWA
Completion

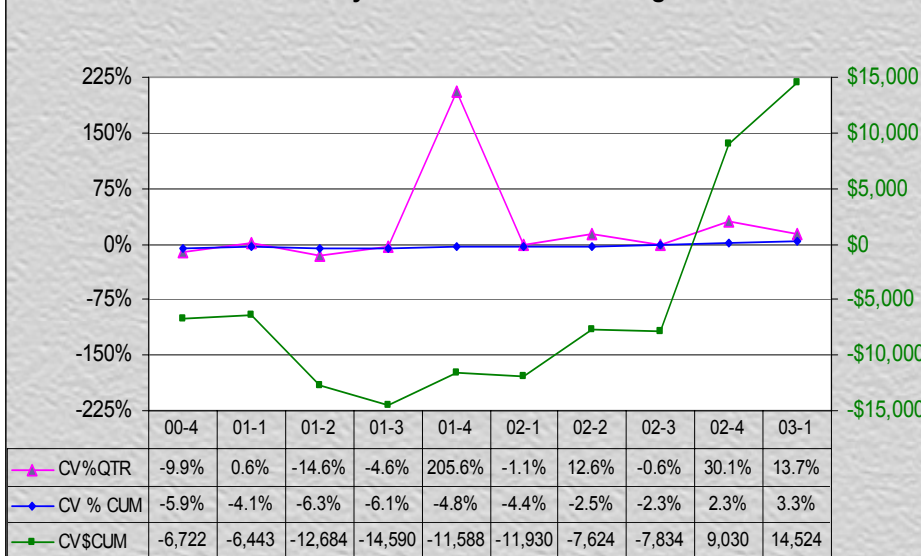
BCWS _{LC}	860,067
ACWP _{CUM}	420,043
BCWP _{CUM}	434,567
BCWS _{CUM}	424,425
CV _{CUM}	3%
Scope Completed	51%
Cost Expended	49%

With 51% of the work scheduled to have been completed, this PBD is under cost and ahead of schedule. The PBD has a cost variance of \$ 15M (3%), and a schedule variance of \$10M (2%). Overall positive cost variance is primarily due to shipping efficiencies, record shipping volumes and lower waste characterization costs.

RFFO validated \$8.5M in PWA scope performance this quarter, bringing the accumulated positive schedule variance to \$16.5M.

KH reports \$1.3M *less* in PWA earned value to-date, due to differing methods of EV calculation.

Quarterly Cost Variance Percentage



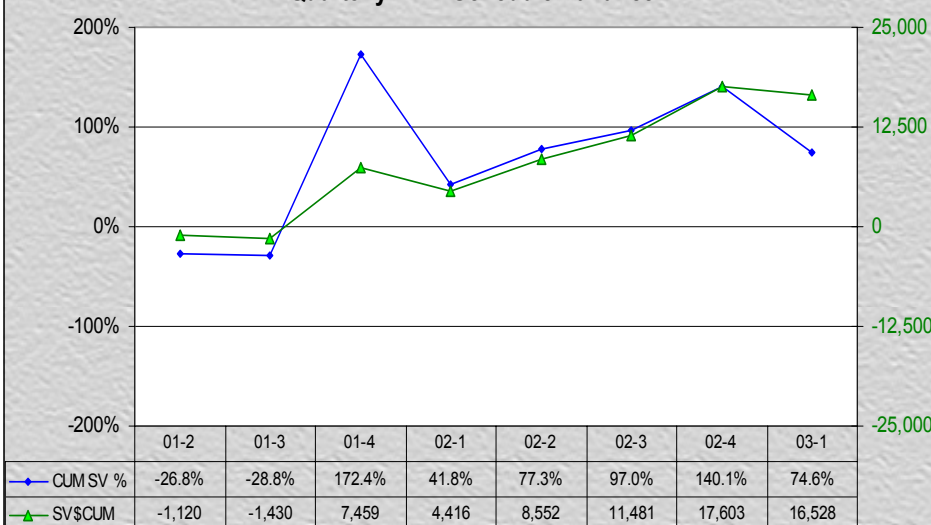
Accomplishments this quarter:

- Shipped 9,984 m3 of LL Waste to NTS
- Shipped 2,778 m3 of LLM Waste
- 914 m3 of TRU Waste were shipped to WIPP in 93 shipments
- The Milestone for Roaster Oxide was met in October FY03, nearly a year ahead of time
- 27 tanks containing Solar Pond Sludge were emptied and removed

Potential Impacts to Cost & Schedule:

- Receiver sites for LLMW (>10nCi/g)

Quarterly PWA Schedule Variance



UPCOMING:

Key Activities / Milestones / GFS/I

- Current plan is to begin shipping TRU classified Waste to WIPP in March.

Total Project Report RFFO RFETS

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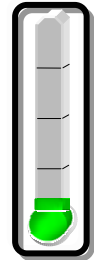


PBD G

Remediation

Norma Castañeda x4226

\$240M



\$23M
10%

PWA
Completion

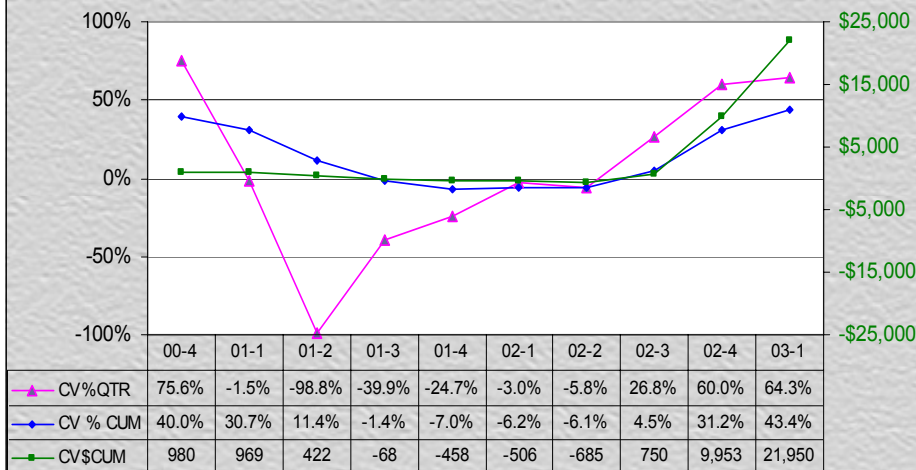
BCWS _{LC}	295,956
ACWP _{CUM}	28,588
BCWP _{CUM}	50,537
BCWS _{CUM}	28,534
CV _{CUM}	43%
Scope Completed	17%
Cost Expended	10%

This PBD is ahead of schedule and under cost. The CV_{CUM} is at +43 % (\$22M), and the traditional SV_{CUM} is at 77 % (also \$22M). The main drivers for the positive variances are the site prep and mobilization activities of the 903 Pad, and the accelerated completion of the Solar Evaporation Ponds Remediation. 903 Pad activities are now overrunning.

Agreements have been reached regarding RFFO validation of PWA earned value where regulator approval of close-out reports is required. Accordingly, last quarter's \$5.6M delta in PWA completions is resolved this quarter, along with an additional \$15.8M in validated PWA work scope.

The cumulative validated PWA Earned Value (BCWP) now stands at +\$22.8M with a +\$21M Schedule Variance.

Quarterly Cost Variance Percentage



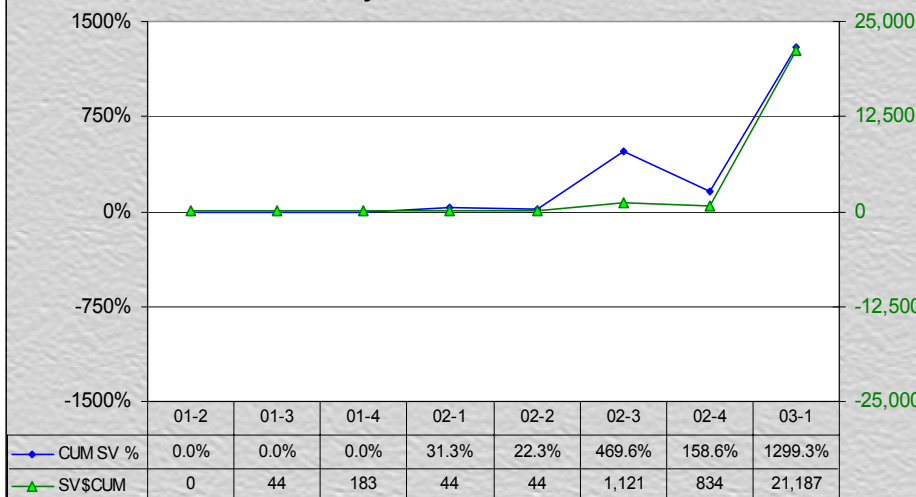
Accomplishments this quarter:

- Began excavation at 903 Pad: 11% complete.
- Completed Solar Evaporation Ponds remediation closure in December 2002.
- Completed 60% design for Present Landfill cover.
- Delivered two Closeout Reports to the regulatory agencies for their review and approval- Solar Evaporation Ponds, and IHSS Group 600-1(Temporary waste storage- B663)

Potential Impacts to Cost & Schedule:

- None at this time

Quarterly PWA Schedule Variance



UPCOMING:

Key Activities / Milestones / GFS/I

- Continue excavation at 903 Pad
- Complete field characterization of IHSSs surrounding B771/774 complex (75 locations)
- Conduct 904 Pad field characterization (February 2003)
- Conduct Industrial Area Decon Pad characterization (February 2003)
- Begin UBC characterization of B371/374 complex (February 2003)
- Begin UBC remediation of B441 (March 2003)

Total Project Report **RFFO RFETS**

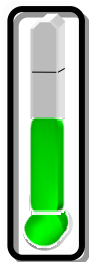
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PBD H

Engineering, Environmental, Safety, Health & Quality

Noss x4371

\$239M



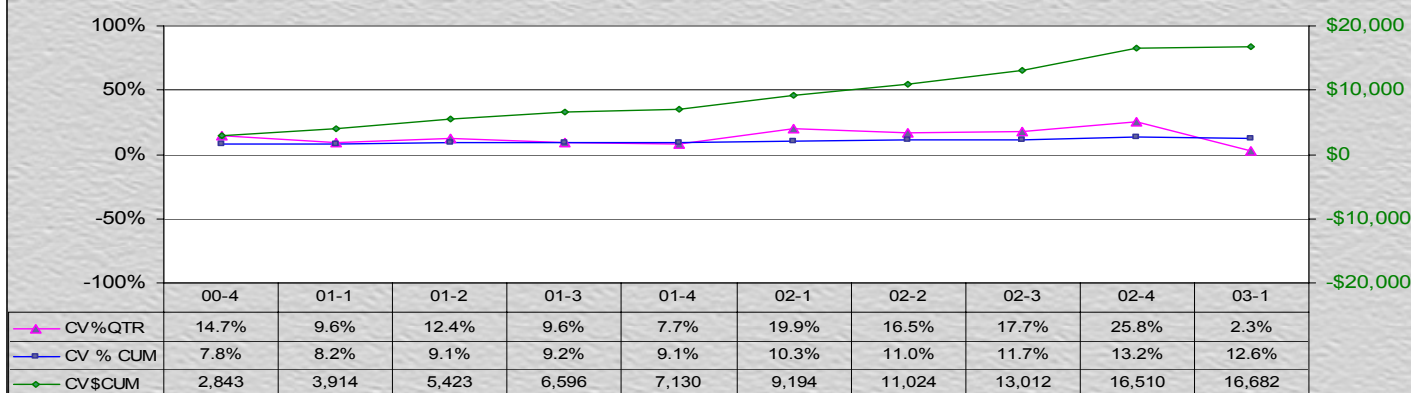
\$133M
55%

**Scope
Completion**

BCWS _{LC}	239,299
ACWP _{CUM}	115,869
BCWP _{CUM}	132,551
BCWS _{CUM}	132,551
CV _{CUM}	13%

This level-of-effort PBD is +13% under budget (+\$16.7M). The contractor attributes the positive CV in this PBD in large part to staff vacancies.

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- Solar Ponds project accelerated and closed without a single safety incident.
- Completed and Closed 6 IHSSs.
- 903 Pad safety Analysis approved by regulators.
- B371 Nuclear Criticality Program Assessment completed with no findings.
- Joint RFFO – KH ISM assessment completed with 4 findings and 3 opportunities for improvement.
- Nearly all categories of safety events decreased during the 1st quarter (from 411 to 298 reportable events).

UPCOMING:

Key Activities / Milestones / GFS/I

- Closeout of B881 site
- NFA determination for IHSS 300-6 Pesticide Shed.

Potential Impacts to Cost & Schedule:

- Loss of 75% of the B371 trained craftspeople in the safe operation of PuSPS may impact PuSPS schedule.

Total Project Report **RFFO RFETS**

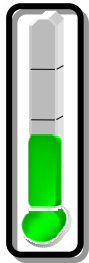
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PBD J

Support Project

Bob Birk x5921

\$591M



\$243M
41%

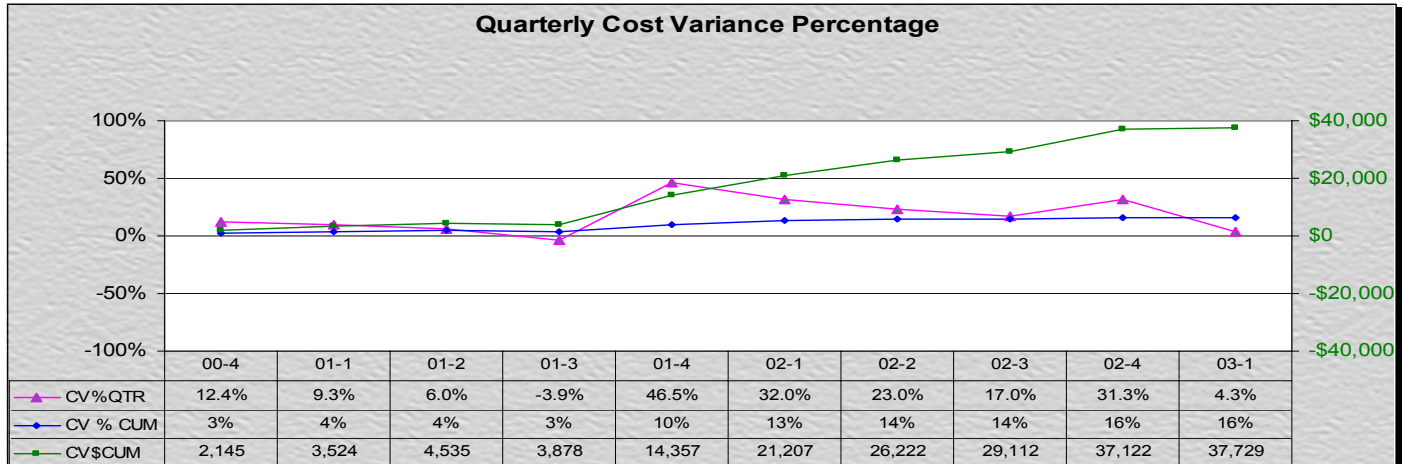
**Scope
Completion**

BCWS _{LC}	591,151
ACWP _{CUM}	204,960
BCWP _{CUM}	242,689
BCWS _{CUM}	242,689
CV _{CUM}	16%

This level-of-effort PBD has completed 41% of its workscope and expended 35% of its costs. PBD J tends to run positive cost variances with an average monthly CV of +19% calculated since June 2000. It is currently 16% under cost with a cumulative CV of +\$38M.

This PBD is also a major contributor to the Closure Project's overall positive cost variance with 28% of the project's positive CV at the PBD level.

Quarterly Cost Variance Percentage



CAD Cost Analysis:

JAA – KH Executive Office was +82%, or \$13.3M. The positive CV is primarily due to cost risk funds held in management reserve (contingency) in this cost account, along with previous understaffing.

JAB – General Counsel & Audit was +24%, or \$1.5M. The positive CV is due to historical under staffing.

JAC – Planning and Integration cost variance was +21% or \$4.4M. The positive CV is due to periodical under staffing and reduced consulting subcontract costs.

JAE – Steelworker Overhead cost account was +25% or \$3.3M. The positive CV is due to historical difference between the budgeted amount of lump sum bonuses planned for distribution and the amount actually paid as well as lower idle/training time charges.

JAG – Fringe Benefits- was +111% or \$7.9M. The positive CV is due to a greater than planned recovery of fringe benefits costs because more labor hours were worked than originally planned. This is due to higher than anticipated use of security and steelworker overtime.

Accomplishments this quarter:

- Grievance backlog was significantly reduced, the Composite Crew agreement with construction trades was signed and implemented, CBA changes were made and ratified with minimum of disruption and the expense of formal negotiations was avoided, and Career Transition Center has extended service to all site subcontractor employees.

UPCOMING:

Key Activities / Milestones / GFS/I

- None

Potential Impacts to Cost & Schedule:

- None.

Total Project Report **RFFO RFETS**

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Rocky Flats Field Office

Budget: Lance Schlag x3171

RFFO Budget

NOTE: FY03 Budget not yet final

Performance

EW05 Budget Authority Planned \$25.1 M, Obligated through December - \$0.4 M.

FS40 Budget Authority Planned \$0.1 M, Obligated through December - None.

Issues/Concerns

None identified at this time.

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Upcoming Focus

Continuing to manage commitments and obligations in a manner that reduces RFFO support requirements and provides additional funding to Kaiser-Hill to accelerate closure activities.

Appendix A

POC: Greg Moore x2394

SNM Shipping

Update as of February 2003

Description:

Removal of special nuclear material (SNM) is a critical activity in achieving RFETS closure schedule and cost targets. The magnitude of the uncertainties related to SNM shipping are decreasing as DOE addresses the issues of shipping containers and receiver sites. Remaining key issues include:

- EM-5 packaging approvals to use the 9975 for certain plutonium metals, oxides and special items
- Approval to use the DT-22 for uranium items with sample holes

Current Status:

DOE guidance includes:

- Plutonium metals and oxides will be sent to SRS
- HeU will be sent to SRS
- 125 parts greater than 1000 A2 will be packaged in containers certified for these materials and shipped to SRS
- 12 special items to LLNL
- Low purity oxides will be disposed at WIPP
- Plutonium Chloride compounds can be stabilized at 750°

Milestones

- Shipments to SRS have begun.

Top to Bottom References

- Issue #5 Safeguards and Security: Reducing the Threat at EM Sites – Special Nuclear Material remaining at Rocky Flats longer than necessary is not optimum for safety and security and increases the baseline cost of operating the site.
- Issue #10 Packaging and Transportation to Support Accelerated Risk Reduction – current packaging and transportation policies and procedures are delaying the removal of the material from Rocky Flats, causing increased costs and delaying risk reduction. In addition, the lack of organizational responsibility and accountability for packaging and transportation has resulted in long delays in package certification (e.g., 9975, DT22), which in turn has caused delays in the removal of materials from sites. The inability to predict when certified containers will be available makes it difficult to schedule SSTs and to negotiate shipments with states.

Sensitivities

- If there are cost and schedule impacts, the contractor will request an equitable adjustment resulting in an increase to target cost and target schedule.
- Tri-Valley CARES lawsuit

Appendix B

POC: Steve Slaten x4839

Lam Xuan, x3135

Orphan Wastes

Update as of February 12, 2002

Issues:

- *Lack of Disposal Capability for Mixed Low-Level Waste greater than 10 nanocuries per gram*

The site currently lacks a disposal site for mixed low-level waste (MLLW) with activity levels greater than 10 nanocuries per gram (nCi/g). Two sites have been identified by the Radioactive Waste Programmatic Environmental Impact Statement (PEIS): Hanford and the Nevada Test Site (NTS). Hanford is not available due to ongoing efforts with the Hanford Solid Waste Program Environmental Impact Statement. The Record of Decision for this EIS is not expected until July 2003 at the earliest. NTS has submitted a permit to the State of Nevada to allow offsite waste disposal of MLLW. This permit is currently under review by Nevada. It is not known when this permit will be approved and disposal of Rocky Flats' MLLW could commence. This lack of disposal capability complicates the Site's plans for treatment of MLLW with activity greater than 10 nCi/g. There are STP milestones to complete offsite shipment of approximately 1000 cubic meters of MLLW, most of it greater than 10 nCi/g. Without disposal capability, this waste will either need to be stored offsite at the commercial treatment facility at increased cost to the closure project or returned to the site after treatment, again with increased costs. Commercial facilities are also restricted by their license limits for storage of radioactive material. Additionally, onsite storage capacity is diminishing as facilities are being decommissioned and demolished. Some of these wastes may be segregated with a subset falling below 10nCi/g or above 100nCi/g, which may then have current disposal options.

- *TSCA Incinerator*

The Toxic Substances Control Act Incinerator (TSCAI) in Oak Ridge, Tennessee, is currently the only available facility for some RFETS wastes requiring incineration. Due to higher than expected levels of Be, two of the original FY02 milestones were not met. These waste streams are PCB Solids and Organic Solids, Non-PCB. A one-year milestone extension was approved by the CDPHE for these milestones. The waste streams have been subdivided to split out the high beryllium population. The result is most of these two waste streams meet the TSCAI acceptance criteria. Treatment options are being evaluated for the high beryllium subpopulations of these waste streams.

- *Availability of Commercial Treatment Facilities*

Some existing wastes are without an available treatment facility. For MLLW, there are several waste streams that do not have a clearly identified treatment option. These waste streams are:

- Trench T-1 remediation waste (220 cubic meters)
- High beryllium PCB Solids and Organic Solids, non-PCB (~3 cubic meters)
- Used Absorbents (1 cubic meter)

RFETS is working with EM-50 on the Trench T-1 waste stream and is currently performing treatability studies at a commercial vendor. The high beryllium and used absorbent waste streams are relatively small and treatment options are being evaluated by Kaiser-Hill.

- *TRU disposition at WIPP*

Pathways for transuranic (TRU) wastes, at one time called "orphans," have been defined. All TRU waste will be disposed at WIPP. Special characterization and transportation needs are being resolved for the following TRU wastes:

1. Legacy Solidified Organic TRU (OASIS) ~725 drums

- Solid Core Sampling at Argonne West Lab (statistical sampling of about 46 drums of the OASIS and aqueous TRU waste populations)
- Extended gas generation testing at Argonne West for wastes with Hydrogen Gas Generation Problem (subpopulation of OASIS (~469 drums)
- Gas getters
- Arrow-Pak macro encapsulation

Appendix B, CONT...

2. Aqueous TRU (~311 drums)
 - Solid Core Sampling at Argonne West Lab (statistical sampling of about 46 drums of the OASIS and aqueous TRU waste populations)
3. Organic TRU liquids (~50 drums)
 - Develop manual coring method on site
4. Disposal of Classified TRU waste at WIPP (~237 drums)
 - 167 drums without beryllium have been approved by both NMED and EPA for disposal at WIPP.
 - 49 drums of beryllium are waiting to be approved by NRC under TRAMPACT rev. 19b by April 2003.
 - 21 drums of tatalums need to be delared as wastes.
5. TRU waste contaminated with PCB > 50 ppm (~25 drums)
 - EPA has approved for disposal at WIPP and the decision in under public review and comment to be completed by 2/28/03.
 - WIPP is concurrently submitting the permit modification to NMED for approval.

Background:

Orphan wastes are mixed or PCB wastes that have no current path for treatment to meet disposal site waste acceptance criteria or transportation requirements. As required by the Federal Facility Compliance Act of 1992, a Compliance Order on Consent was signed in 1995 to implement a treatment plan for those wastes in violation of the one year RCRA storage prohibition. This Site Treatment Plan (STP) describes the treatment options for each waste stream and establishes milestones on a rolling basis through negotiations with the State. Milestones are proposed and updated in the Annual Progress Report and Quarterly Progress Update reports. Compliance with the STP is necessary to allow the site to continue storage of mixed wastes in excess of one year without being subject to fines or penalties. To date all milestones have either been met or have been extended by the State. RFETS has several mixed waste streams with milestones due in FY 2003. RFETS continues to make progress in finding treatment options for wastes.

EM-50 is providing technical support and funding to find solutions for treatment challenges. Teams are being created to provide technical support for:

- T-1 Trench Material Disposition Plan
- Bypass and Wet Slurry Cake Sludge Treatment and Disposition Plan
- Plan for Mitigation of WIPP Transportation Issues involving TRU Oasis Sludge

Impacts:

1. If treatment and/or disposal facilities are not found for Low Level Mixed and TRU Mixed Waste, the waste would have to be stored at RFETS or another DOE site or at a commercial facility, after closure.
2. Lack of disposal capability may result in increased storage and/or transportation costs.
3. Request extension of STP Milestone(s) from the CDPHE if necessary.

Recommendations:

- Continue partnering with K-H, and work with EM-50 on technical assistance for problematic waste streams.
- Brief manager monthly on status of Orphan Wastes.

Total Project Report RFFO RFETS

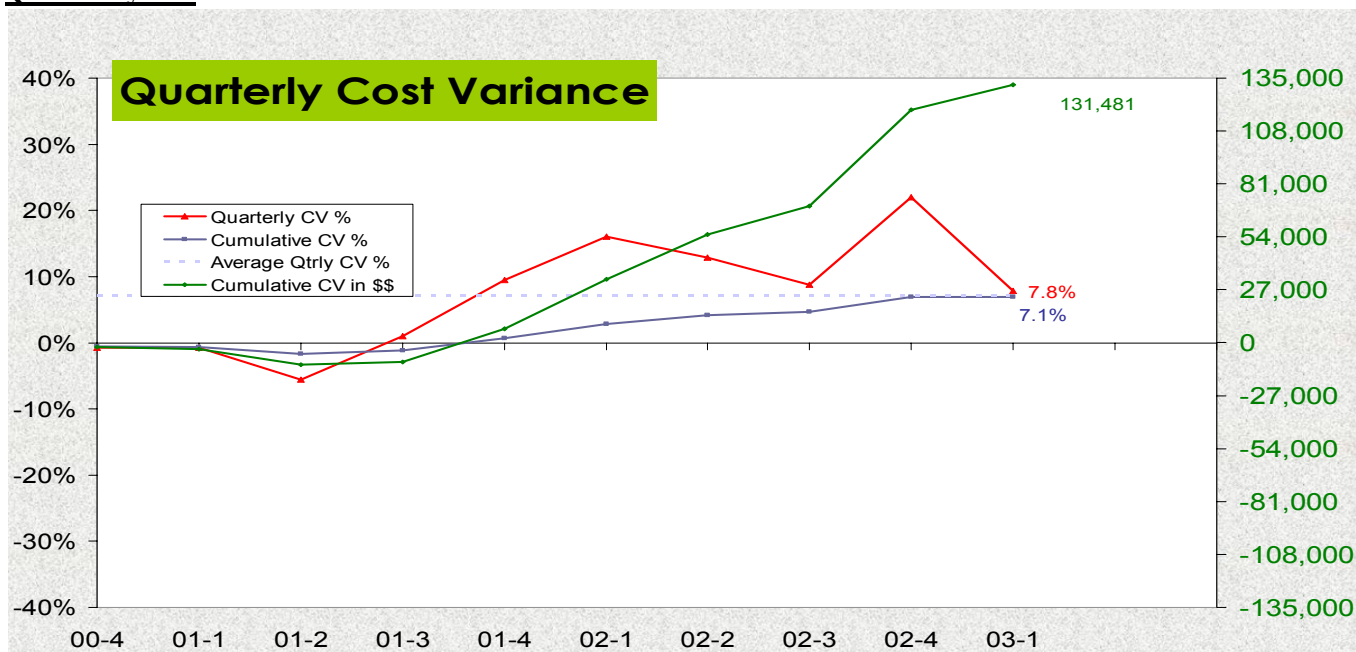
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Appendix C

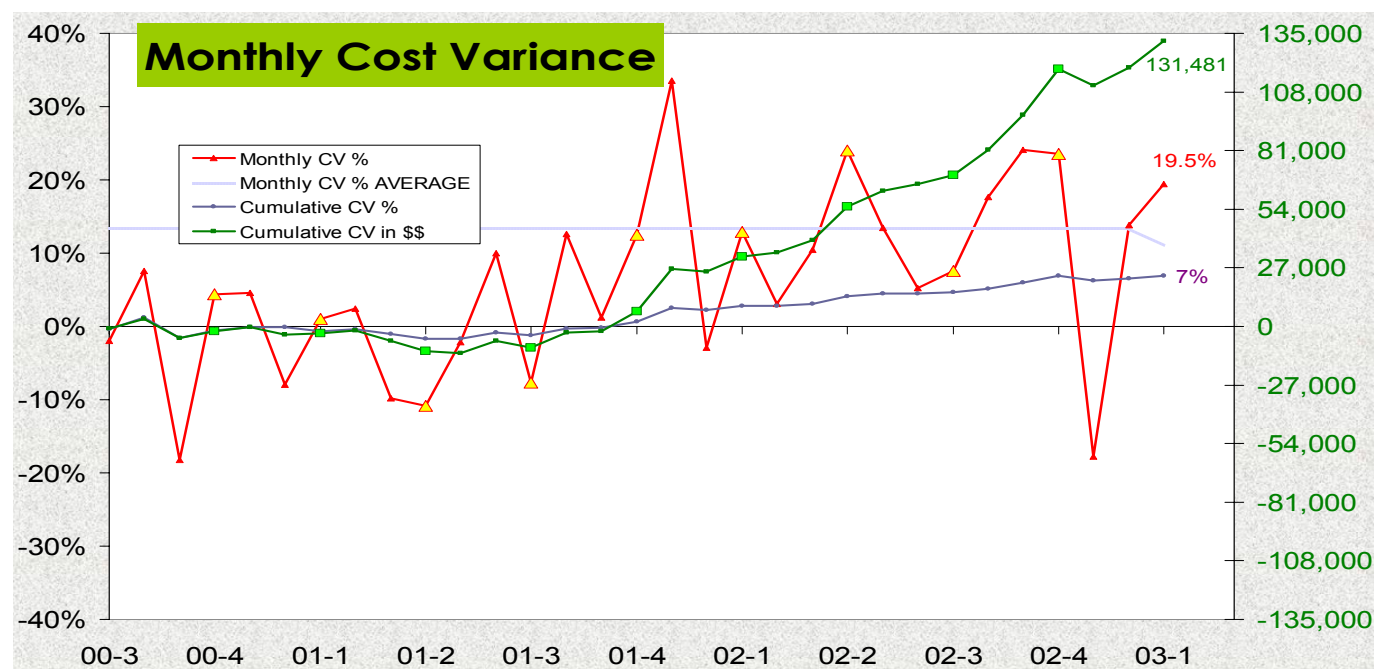
Cost Variance Trending

The following charts depict Project cost variance trends by quarter and monthly as referenced in the Cost section of the Executive Summary.

Quarterly CV



Monthly CV



Total Project Report RFFO RFETS

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Appendix D

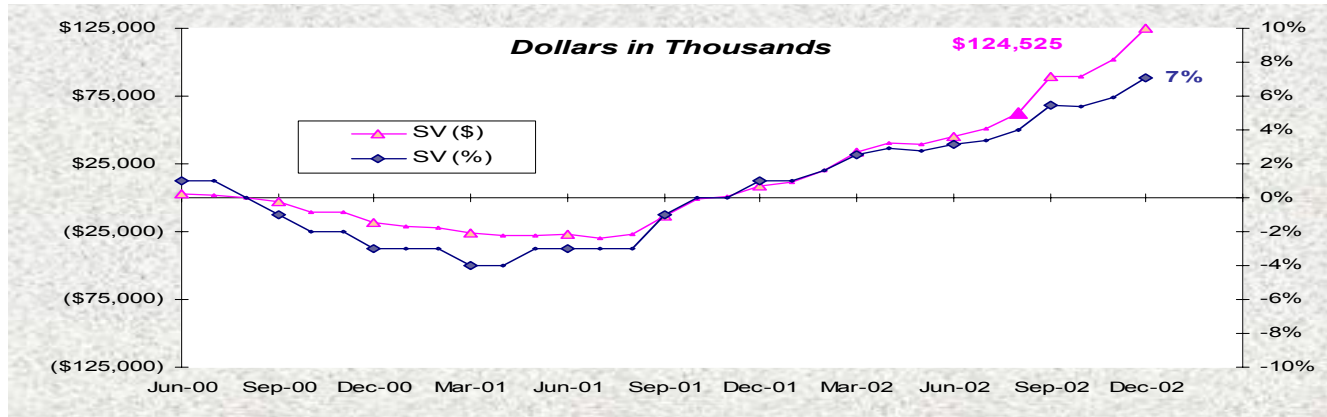
Other Schedule Performance Indicators

The following charts depict Project schedule variance metrics used to evaluate K-H schedule performance as referenced in the Schedule section of the Executive Summary.

Traditional Schedule Variance

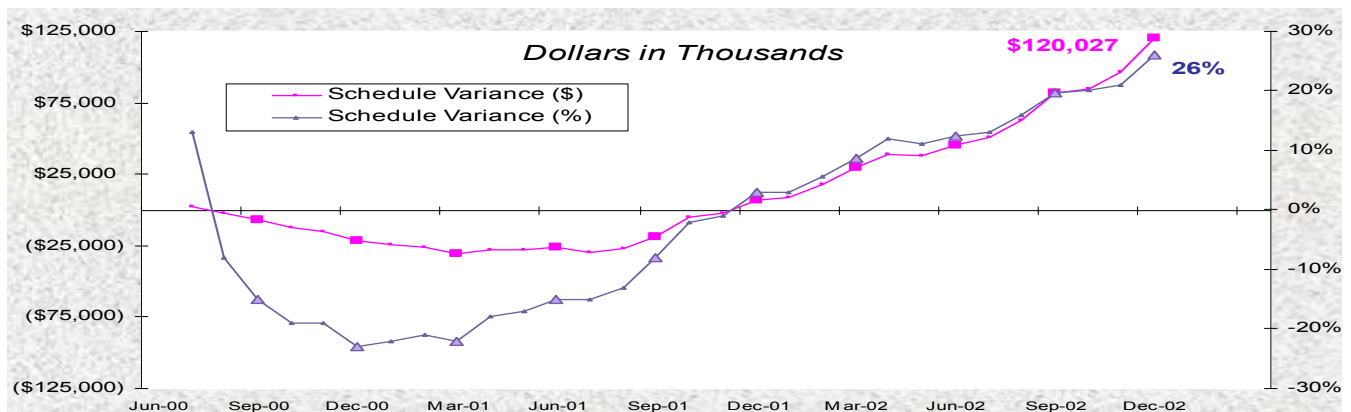
SV\$: +\$125M SV%: +7%, improving trend

Traditional Schedule Variance (SV) for target activities improved from \$90M and 5% in September.



Modified Milestone Schedule Variance

SV\$: +\$120M SV%: +26%, improving trend



The RFFO has developed a measure of schedule performance called the Modified Milestone SV. This measure takes all level of effort activities and pre-May 25, 2000 activities out of the SV calculation, and adds non-target, EW40 Technology Development milestones. The activities that remain use the traditional method (percent complete of each activity or milestone) to determine earned value. The current Budgeted Cost of Work Scheduled (BCWS) for these modified milestone activities is \$468M, and the life cycle BCWS for these activities is \$1.6 billion (B). The Modified Milestone SV improved \$38M since September. The change in this indicator is due mostly to additional improvement in the positive schedule performance of the Industrial and Site Services Project, and to the improvements in the Material Stewardship and the Remediation projects which have both pulled out of their negative schedule variances. About 30% (\$467M/\$1.6B) of the modified milestone activities were scheduled to be complete at the end of 1QFY03, and 37% (\$588M/\$1.6B) of the modified milestone activities were completed.

Total Project Report **RFFO RFETS**

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Appendix D CONTINUED

P3 Completion

Estimated Completion Date: 15 December 2006

The *K-H generated* Estimated Completion Dates (ECDs) from the P3 schedule are represented below.

K-H continues to examine critical path activities to identify schedule acceleration opportunities. RFFO is monitoring this critical path and will continue to utilize December 15, 2006 as the Estimated Completion Date.

PBD	Activity Description	Baseline Early Finish	Statused Early Finish
A	B371	11-Oct-06	19-Apr-06*
B	B707	13-Mar-06	20-Dec-05
C	B771/774	18-Aug-04	21-Jun-04
D	B776/777	31-Oct-06	27-Mar-06
E	Industrial Sites	11-Oct-06	23-Jan-06
F	Material Stew.	13-Dec-06	13-Jun-06
G	ER	14-Dec-06	22-Jun-06*
ALL		14-Dec-06	22-Jun-06*

* Under RFFO Review

Comparative Schedule Metrics

The project-level positive schedule variances reflect the contractor's continued success at accelerating workscope. However, the majority of accelerated activities have been in PBDs D and E, not on the Critical Path. A comparative review of schedule performance indicators continues to indicate that positive schedule metrics in the Building 776 Closure Project (PBD D), and the Industrial and Site Services Project (PBD E) still mask negative schedule metrics in the Building 371 Complex Project (PBD A) caused in part by delays in composite preparation and SNM removal.

K-H's critical path revisions in September have resulted in some projected early finish dates for the individual Projects. DOE is still reviewing the K-H changes and will utilize December 15, 2006 as the estimated completion date for the Total Project until the review is complete.

Project	SV _{TRAD}	SV _{PWA}	SV _{MM}	SV _{P3 +/- Days}
1A 371 Complex Project	-3%	3%	-7%	109**
1B 707 Complex Project	7%	30%	19%	51
1C B771/774 Closure Project	4%	26%	8%	41
1D B776/777 Closure Project	21%	136%	53%	138
1E Industrial and Site Services Project	22%	189%	93%	165
1F Material Stewardship Project	2%	69%	10%	115
1G Environmental Remediation	77%	1299%	87%	109**
Total Project:	7%	59%	26%	109 **

*The RFFO Validated Percentages differ from the KH reports

** Under RFFO Review

Key Definitions / Terms

Rocky Flats' schedule performance indicators:

All indicators (except P3) use the standard formula $SV = BCWP - BCWS$ and are measured in dollars, not time. Performance is measured against the Life-Cycle Baseline as presented in June 2000 with minimal adjustments approved through our rigorous Change Control Process. The indicators defined below differ mainly in which budgeted costs are included in the analysis.

Traditional Schedule Variance (SV_{TRAD}): This indicator addresses schedule performance compared to plan for the entire project contracted with Kaiser-Hill. It includes all "Target" costs as defined by the contract (EW05, EW02, FS40, GG08, YN01, and NN61). It does NOT include budgeted costs for things like performance fee, technology deployment, and program (RFFO) funds. A positive variance means that, compared to the original plan, more work was accomplished than planned. A negative variance means that less work has been accomplished than planned.

Modified Milestone Schedule Variance (SV_{MM}): This schedule performance indicator is designed to focus on all the 'real' work at the site. It removes level-of-effort activities from the analysis, but adds the Technology Deployment budget. Again, the variance indicates that more work or less work was accomplished than planned.

Predetermined Work Activities Schedule Variance (SV_{PWA}): In order to best assure that the government is awarding performance fee for the accomplishment and acceleration of the most important work at Rocky Flats, our contract with Kaiser-Hill includes a list and schedule of ~900 "Predetermined Work Activities" against which performance is measured and provisional fee is paid. Generally, SV_{PWA} calculations allow for earning value only when an activity is 100% complete (all or none), unless the activity is a quantity-based measure. These activities represent critical work necessary to the timely closure of the Site, and performance is measured against the baseline schedule set out at the beginning of the contract. Although the contractor is free to realign specific work activities as they see fit, the dollar amount of work accomplished against these critical activities is expected to remain on plan to facilitate timely closure of the site.

Primavera Project Planner Schedule Variance (SV_{P3}): In contrast with the previous indicators, the P3 schedule variance is measured in units of time (days). The Primavera project scheduling software computes the longest (critical) path through the contractual work on the Project and arrives at the Statused Early Finish, (a.k.a. Estimated Completion Date). Variance is measured against the Baseline Early Finish as established in June 2000.

Orphans – Low Level Mixed Waste Orphans. Wastes which must be removed from the Site but for which no disposal / treatment path has been identified and/or approved.

D&D – Deactivation and Decommissioning. Deactivation: the process of placing a "building" in a safe and stable condition. Decommissioning: All activities that occur after deactivation. Includes decontamination and dismantlement /demolition.

M5 - RFCA Earned Value Aggregate (over 50%) Milestone. Fiscal Milestones M1 – M4 require that 50% of the FYBCWS in each individual category be completed in that fiscal year. The FY M5 Milestone tracks the dollar value of the remaining BCWS in those categories for the fiscal year and requires that it be completed before the end of the *following* fiscal year. The M5 Earned Value Milestone can be satisfied with any combination of BCWP from LLW, D&D, ER, and TRU. However, the M5 milestone must be completed for each fiscal year before BCWP can be applied to Milestones M1 – M4 in the following year.

PBD A – 371 Complex Project. Liquid waste ops, Plutonium Stabilization & Packaging System (PuSPS), repackaging of residues, SNM removal (including shipping), and D&D. Building demolition by October 11, 2006.

PBD B – 707 Complex Project. SNM holdup removal, consolidation of SNM into B371, classified matter removal, and D&D. Building demolition by 3/1/06.

PBD C – 771 Complex Project. Complex D&D and D&D Programs (site decommissioning program and EM-50 funded projects). Building demolition by 8/04/04.

PBD D – 776 Complex Project. D&D. Building demolition by 10/27/05. Removal of the slab/foundation by 4/26/06 and project completion by 10/31/06.

PBD E – Industrial / Site Services Project. The industrial and site services portion of the RISS Project, and other bldg D&D.

PBD F – Material Stewardship Project. Technical program direction and operational support for commodities, engineered services, procurement, traffic & transportation, and disposition of waste.

PBD G – Remediation Project. The Environmental Restoration (ER) Program portion of the RISS project. The overall scope includes Industrial Area and Buffer Zone Closure and environmental restoration including any remaining characterization.

PBD H – Engineering, Environmental, Safety, Quality, and Health. Infrastructure. Includes; project management, assessment, oversight, regulatory compliance and monitoring, waste certification, technical training, Nuclear Safety and Licensing, Criticality Safety, Fire Protection, Engineering, Safety/Work Control, and Radiological Protection.

PBD J – Support Project. General Counsel & Audit (GC&A), Strategic Planning & Integration, Administration, and the K-H Executive Office.